

Affordable Housing Fees Study

Decision Points and Options

presented to
Mono County Board of Supervisors

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Oakland Sacramento Denver Los Angeles

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INCLUSIONARY HOUSING PHILOSOPHY

- ❖ The construction of new, market-rate housing affects both the demand for and supply of affordable housing
 - Escalating housing prices are creating economic hardships for lower-income residents
 - The development of market-rate housing reduces the availability of developable land for affordable housing, and
 - New market-rate housing increases demand for retail and service jobs that typically pay modest wages



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JUST ONE PART OF THE TOOLBOX

- ❖ Many jurisdictions throughout California have successfully implemented inclusionary housing ordinances that have led to the construction or preservation of affordable housing units.
- ❖ An inclusionary requirement sets aside a portion of market rate units for households earning lower incomes.
 - On-site units are delivered by housing developers who understand the market and the product type.
 - OR inclusionary requirement allows the payment of fees, dedication of land, acquisition and preservation of existing units, or other means of compliance.
- ❖ In-lieu fee generates revenue to implement other toolbox programs.
 - Such as: acquisition, rehabilitation, preservation, subsidy



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MONO COUNTY FINDINGS

- ❖ Relative to the surveyed counties, only Alpine County has more households overpaying for housing.

County	Population Paying > 30% of Income to Housing
Mono	58%
Alpine	59%
Nevada	46%
Mariposa	44%
Tuolumne	43%
El Dorado	40%
Sierra	37%
Inyo	34%



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MONO COUNTY FINDINGS

- ❖ The ratio of household income to median home price is 3.6 in Mono, meaning housing is less affordable than in Mariposa, Inyo, and Sierra but more affordable than in Tuolumne, El Dorado, Alpine, and Nevada.

County	Median Household Income	Median Home Value in County	Home Value / Income Ratio
<i>Mono</i>	\$80,179	\$286,100	3.6
Nevada	\$82,347	\$381,100	4.6
Alpine	\$79,167	\$329,500	4.2
El Dorado	\$101,258	\$379,200	3.7
Tuolumne	\$71,100	\$259,800	3.7
Mariposa	\$71,750	\$250,800	3.5
Inyo	\$88,648	\$235,500	2.7
Sierra	\$96,600	\$170,300	1.8



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MONO COUNTY FINDINGS

- ❖ A household of three earning the median income in the County cannot afford a newly constructed rental unit.
 - Assuming no more than 30% of household income is spent on rent, an annual household income of \$73,100 can afford \$1,825 in rent each month.
 - An annual household income of \$96,500 is needed to afford the rents that support new construction.
- ❖ Even at moderate income levels, there is a gap between the cost of constructing a new unit and what a household can afford.
 - **IMPLICATION:** the development of new affordable housing in the County will not occur without support or subsidy of some kind.



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IN-LIEU FEE RESULTS

- ❖ The calculated in-lieu fees are based on the current (but suspended) inclusionary requirement.
 - Single family, ownership: 10%, split between Low and Moderate = approx. \$9,400 per unit
 - Multifamily, rental: 6.7%, all Low = approx. \$9,400 per unit
 - IMPLICATION: While the County's inclusionary ratios are consistent with other jurisdictions, the fee is higher than what is currently charged in the Town of Mammoth Lakes.
 - As calculated, the in-lieu fees are well-below the maximum justifiable through nexus.



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IN-LIEU FEE POLICY DIRECTION NEEDED

- ❖ Does County prefer units to be built on-site or to receive fee revenue?
 - Does County want to structure the inclusionary requirement and associated in-lieu fee to incentivize one or the other?
- ❖ Does County want to exempt (geographic) portions of the County?
- ❖ Is inclusionary requirement trigger of 10 units or more appropriate?



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IN-LIEU FEE DECISION POINTS

❖ Options

- Reinststate HMO w/ current inclusionary requirements and authorize in-lieu fee at approx. \$9,400 per unit.
- Reinststate HMO w/ reduced inclusionary requirements to target fee levels more consistent with Town.
 - An inclusionary requirement of 6.7% (one affordable unit for every 15 units developed), split between Low and Moderate results in an in-lieu fee of \$6,258 – more in-line with Town’s current impact fee.
- Wait for Town to complete inclusionary requirement study to ensure consistency. The Town is just now beginning the process.
- Suspend HMO indefinitely.



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COMMERCIAL LINKAGE RESULTS

❖ The maximum commercial linkage fees calculated are as follows:

Land Use Category	Maximum Fee per sq. ft.
Storage and Warehouses	\$26.40
Commercial	\$71.30
Industrial/Service Commercial	\$8.60
Visitor Accommodations	\$94.74

- IMPLICATION: The maximum fees raise feasibility concerns and are substantially higher than current fee levels in the Town of Mammoth Lakes.



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COMMERCIAL LINKAGE FEE DECISION POINTS

❖ Options

- Reinststate HMO reflecting maximum fees.
- Do not charge affordable housing fees to nonresidential development.
- Reinststate HMO w/ reduced fees to target fee levels more consistent with Town.



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FEE COMPARISONS



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Location	Affordable Housing Requirements and Fees		
	Ownership	Rental	Nonresidential
Town of Mammoth Lakes	\$5,700 per unit	\$5,700 per unit	Lodging \$3,700 / room Retail/Restaurants \$2 / gross sf Office \$2 / gross sf Light Industrial \$1 / gross sf Service Uses \$2 / gross sf
Nevada County (Truckee Only)	15% Moderate-Income or 5% Above Moderate-Income, 5% Moderate-Income, and 5% Low- Income	15% Low-Income or 5% Moderate-Income, 5% Low- Income, and 5% Very-Low Income	N/A
Tuolumne County	10% Median-Income or Below Fee = 10% of the County-wide median sales price of a single-family residence in Tuolumne County	10% Low-Income or Below Fee = 10% of the County-wide median sales price of a single-family residence in Tuolumne County	N/A
Alpine County (Kirkwood Resort Only)	10% Employee Housing	33% Employee Housing	.03% Employee Housing
Inyo County	N/A	N/A	N/A
Sierra County	N/A	N/A	N/A
El Dorado County	N/A	N/A	N/A
Mariposa County	N/A	N/A	N/A



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RHNA STATUS



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RHNA STATUS AMONG SURVEYED COUNTIES

❖ Analysis in progress...



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EPS RECOMMENDATIONS



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EPS RECOMMENDATIONS

- ❖ Update HMO to reflect the following affordable housing fee programs:
 - Inclusionary Requirements and In-Lieu Fees
 - 10% inclusionary requirement for single family development projects, affordable to Low and Moderate income households (50/50)
 - 6.7% inclusionary requirement for multifamily development projects, affordable to Low income households
 - Set fee at \$9,400 per market rate unit to be updated annually per construction cost index
 - Establishing a lower fee will require adjusting the inclusionary requirements
 - Commercial Linkage Fees
 - Storage and Warehouses: \$1/sq.ft.
 - Commercial: \$2/sq.ft.
 - Industrial/Service Commercial: \$1/sq.ft.
 - Visitor Accommodations: \$4,000 per room (approx. \$8/sq.ft., assuming 500 sq.ft. average room size)



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DISCUSSION AND QUESTIONS



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